

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Post Office Structure Plan (POStPlan)

Docket No. N2012-2

INITIAL BRIEF OF THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO

July 20, 2012

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Cited Authorities

Docket No. 2010-1 (Six-Day to Five-Day Delivery), PRC Opinion (March 24, 2011)

Docket No. 2011-1 (Retail Access Optimization Initiative (RAOI), PRC Opinion
(December 23, 2011)

39 U.S.C. § 3661 (b)

39 U.S.C. § 101(b)

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(July 23, 2012)**

In accordance with Order No. 1361 issued May 31, 2012, the American Postal Workers Union, AFL-CIO (“APWU”) submits this initial brief in Docket No. N2012-2 in aid of the Commission’s issuance of an Advisory Opinion on the Postal Service’s Post Office Structure Plan (“POStPlan”).

POStPlan is the Postal Service’s latest initiative for changing rural postal retail service by reducing the weekday retail operating hours of rural Post Offices across the country. Under POStPlan, thousands of Level 16 and below Post Offices currently providing window service eight hours a day during the week will be “realigned” to either six, four, or two hours of window service a day. Based on the Commission’s recent findings in Docket No. 2010-1 (Six-Day to Five-Day Delivery) and 2011-1 (Retail Access Optimization Initiative (RAOI)), which involved retail initiatives that have a similar impact on rural communities and small towns, POStPlan is conceptually consistent with the overarching legal requirement of maintaining and maximizing postal services for rural communities. Based, however, on the Commission’s directives and concerns in those earlier Opinions and a close review of the details of POStPlan, the incomplete design and implementation of POStPlan is neither

operationally sound nor legally sufficient. As presently described to the Commission, POStPlan will not be a lawful evolution of the provision of postal services to rural communities, but a path to irretrievably damaging and diminishing Post Office services in rural and small town communities. Accordingly, the APWU recommends that the Commission advise the Postal Service to take the steps and actions set forth below to ensure that POStPlan does not result in the further alienation of rural postal customers and the businesses that serve them, the discontinuance of rural post offices, and the violation of the law's requirement that the Postal Service maintain the quality of rural postal services.

I. Statement of the Case

On May 25, 2012, the United States Postal Service filed a Request for an Advisory Opinion on Changes in the Nature of Postal Services, to wit the implementation of the Postal Service's "Post Office Structure Plan" or "POStPlan." (USPS Request ("Req.")) As described by the Postal Service in its Request, POStPlan is an initiative through which the Postal Service will reduce current weekly window service hours to two, four, or six hours a day at approximately 13,000 Level 16 and below Post Offices which are smaller post offices in largely rural areas across the country. The Postal Service offered the written testimony of Jeffrey C. Day in support of its request, as supplemented by written interrogatory answers from Day and the Postal Service and cross-examination testimony at a hearing on July 11, 2012. As directed by the Commission in response to the Postal Service's intent to begin the immediate implementation of POStPlan, the record will be closed in this matter upon the filing of reply briefs on July 27, 2012.

The APWU files this initial brief for the Commission's consideration of the APWU's position that the lawful implementation of POStPlan necessitates that the Postal Service take a number of steps to refine and improve POStPlan's design in order to maintain and maximize uninterrupted service to thousands of rural postal customers across the United States.

II. Summary of the APWU's Position on POStPlan

The APWU is the exclusive bargaining representative of postal employees in the clerk, maintenance, and motor vehicle service crafts as well as the bargaining representative of employees at companies that supply services to the Postal Service as their principal business. POStPlan will have a significant effect on APWU-represented employees as well as the APWU itself; the APWU mails millions of letters, periodicals, and packages, and contracts with vendors who also mail millions of flats and packages to urban and rural areas every year.

Although the concept of aligning window service hours to actual community and customer use can be sound, the APWU questions the methodology the Postal Service has used to design and implement POStPlan. The Postal Service's failure to use the data at its disposal to design a program that both matches and maximizes actual consumer experience with retail window operations calls into serious doubt both the quality and effectiveness of POStPlan as a means of improving postal efficiency in its rural Post Offices. Instead, the formulaic design of POStPlan based on the total estimated consumer transaction time is coupled with an incomplete and expensive plan for implementation that the APWU fears will prove to be cost-prohibitive at the same time that it drives down revenue and alienates the rural consumer. When

coupled with an incomplete implementation plan that conflicts with existing commitments, adds unbudgeted expenses, and fails to build in rational or measurable assessment of the efficacy of POStPlan, POStPlan may result in losses that further erode the rural postal market. Strong guidance from the Commission to ensure that the Postal Service's implementation of POStPlan results in efficiencies for the Postal Service and identical, if not improved, service to rural communities rather than the irreversible decline and discontinuance of rural postal operations is critical.

The APWU recommends that the Postal Service implement the following general conditions and guidelines to ensure that POStPlan is and remains compliant with the Postal Service's legal obligations to maximize service to rural communities and small towns. First, except in emergency situations or where overwhelmingly demanded by the community, the Postal Service should not discontinue a POStPlan-eligible Post Office. No Post Office that can be maintained with the realigned hours proposed in POStPlan should be closed except in the narrowest of circumstances. Second, the Postal Service must thoroughly analyze nationally and on an office-by-office basis the impact of POStPlan. Third, the Postal Service should immediately implement alternative retail access channels in order to preserve the availability of the retail services currently provided by the POStPlan Post Offices. Finally, the Postal Service should plan for POStPlan outcomes that avoid discontinuance of rural post offices.

III. Statement of Facts

POStPlan gives the Postal Service a way to reduce the weekly retail hours of operation of rural post offices in communities across the United States to two, four, or

six hours a day. The Postal Service proposes using an operational model whereby managerial and supervisory tasks are consolidated into larger Level 18 hub offices, called Administrative Post Offices (“APOs”) that will have normal 8-hour-a-day window service and will also support up to ten smaller rural offices whose operations are limited to only retail operations. (USPS-T-1 at 13; tr. at 160-162.) Of the approximately 17,728 Post Offices covered by POStPlan, the Postal Service anticipates creating 4,561 Level 18 APOs; 1975 two-hour offices; 6879 four-hour offices; and 3916 six-hour offices. (USPS-T-1 at 14.) The Postal Service also currently plans to staff the two and four hour offices with non-career hourly Postmaster Reliefs, the six hour offices with career Postmasters, and the APOs with potentially multiple career employees to handle the concentrated administrative tasks of their associated smaller offices. (USPS-T-1 at 13; tr. at 164.)

The Postal Service uses the term “realignment” to describe the change in window service hours it is implementing, but, in fact, this “realignment” is largely synonymous with a “reduction” in hours. With the exception of what the Postal Service anticipates to be the rare occurrence when a community expresses its desire to discontinue a post office, (tr. at 159), POStPlan is the application of a strict formula for reducing the amount of window service at rural offices. (USPS-T-1 at 13.) In essence, the Postal Service will reduce the availability of rural offices’ window service on weekdays to either two, four, or six hours a day depending on the category of daily Adjusted Earned Workload (“AEWL”) an office fell within based on FY 2011 calculations. (USPS-T-1 at 12-13.) As described by Day, AEWL is a predetermined amount of time the Postal Service applies to the various tasks and transactions

performed in these Level 16 and below offices. (Tr. at 151-152.) By distilling those times down to a daily average for each affected Post Office, the Postal Service intends to provide each office and its customers with only as much window service as the daily AEWL falls at, between, or under. (USPS-T-1 at 5.)

The Postal Service did not articulate as part of POStPlan an explicit formula or standard for setting which hours during the day a realigned post office's window will be operational. Day testified that the Postal Service intends to perform written surveys of the community and hold community meetings to solicit the input of the community as to which hours of operation during the week the offices should be open. (Tr. at 145, 146.) The Postal Service is not analyzing data it has on the time of day and type of transactions that occur at these offices to determine the hours of operation. (Tr. at 144.) Ultimately, Day clarified that the final decision on window hours rests exclusively with the Postal Service and that it will decide the hours of operation based on its assessment of its operational needs. (Tr. at 145, 147.) Day further testified that an individual post office could have split window service hours and may have hours aligned with other Post Offices, but will not have window service hours that are incongruous with other office operations, such as boxing mail to P.O. boxes. (Tr. at 146, 147, 154.) Day also clarified that the Postal Service will not set office hours at times outside of the traditional window service hours of the Post Office. (Tr. at 147.)

Day was adamant that, although the Postal Service anticipates savings, largely in labor costs, from implementing POStPlan, the impetus behind the plan is not financial. (Tr. at 164, 166, 171, 184.) According to the Postal Service's original request, POStPlan was conceived "to improve efficiency and customer needs" by

matching the total number of hours a day a Post Office is open to the Postal Service's calculations of how much time a day a Post Office has retail customers. (USPS Req. at 3.) Day testified that he believed, however, that reducing wages of the employees staffing POStPlan offices from the full-time career salaries of Postmasters to reduced salaries or hourly wages that match the retail hours of operation (plus a small window of time for opening and closing the office) of the Post Office would result in savings "beyond" \$500 million a year. (Tr. at 161.) Day relented, however, that the Postal Service has not calculated its actual labor costs pre-POStPlan and does not specifically intend to analyze labor costs in the POStPlan offices to determine the existence and amount of any actual savings. (Tr. at 166, 170, 171.) Day also commented that the Postal Service did not anticipate staffing problems despite the low rates, lack of benefits, and low hours Day described. (Tr. at 299.)

Day also testified that the Postal Service does not expect to see any change in revenue in the POStPlan offices. (Tr. at 199, 200.) He opined that, even if there were changes in revenue, the Postal Service would be unable to analyze whether it was attributable to the decrease in window service hours or the choice of hours. (Tr. at 192-93, 200.) Day went on to explain that if the AEWL in a POStPlan office continues to fall, the Postal Service will reduce the window service hours of the office to match the category – two or four hours – commensurate with the AEWL. (Tr. at 189.) He expressed some caution in the Postal Service making such a change, acknowledging both the disruption and the impossibility for an office to demonstrate more demand for its services because the Postal Service measures demand through transaction time and the reduced offices are capped in the hours they can service the public. (Tr. at

190.) If the Postal Service decides to reduce hours further, Day testified that the Postal Service does not currently intend to elicit further community input on either the reduction or the time of day the office will be open. (Tr. at 198.)

Within POStPlan is the option for the Postal Service to discontinue entirely the operations at a Level 16 or below Post Office where the community requests discontinuance and/or the Postal Service unilaterally determines that discontinuance is appropriate. The Postal Service did not specify when or why it may determine to conduct a discontinuance study rather than realign window service hours in a POStPlan office. The Postal Service simply reserved the option that in any office where the Postal Service believes the AEWL justifies reducing the window service hours, the Postal Service may also determine not to continue with realigned window service hours and either resume or initiate a discontinuance study. (USPS Req. at 7, 8.) As Day's written testimony explained, "in its notice initiating the discontinuance study, the Postal Service will provide an explanation of why the Postal Service declined to realign window service hours at a particular Post Office." (USPS-T-1 at 18.) Day did not specify any criteria on which the Postal Service would reject a reduction of window service hours and opt for discontinuance, other than to assure Chairman Goldway in response to her inquiry that "we're not going to close down that post office because it's [sic] dropped." (Tr. at 292.)

Although the Postal Service contends that its "realignment" of window service hours "does not constitute a closure or consolidation pursuant to the USPS Handbook PO-101 process" and therefore does not require the same public proposal, posting, written comments, and final determination requirements of a discontinuance, (USPS-

T-1 at 17), Day testified to a number of commitments for mitigating the impacts on service to customers and communities served by the realigned POStPlan offices. Among these commitments are: (1) incorporating the Commission's input on the community questionnaire to ensure it both reaches the appropriate recipients and clearly explains and solicits the hour options for a POStPlan office, (tr. at 269); (2) incorporating the Commission's input on the protocol and script for community meetings to maximize community input while mitigating community ill-will towards the Postal Service's predetermined decision to reduce an office's window service hours, (tr. at 301); (3) having in place Village Post Offices ("VPOs") to supplement the sale of stamps lost with a reduction in window hours before or at the time a realignment is implemented in a particular office, (tr. at 265, 287); (4) renovating and retrofitting lobby areas of any realigned post office to provide customers with safe and secure 24/7 access to post office boxes, (tr. at 186, 326); (5) retrofitting the lobbies of POStPlan offices with secure receptacles to enable customers to collect packages outside of the reduced window hours, (tr. at 251, 306, 326); (6) retrofitting buildings with energy efficiency devices to maximize utility savings when the office is not open, (tr. at 285); (7) delaying any future reduction of window hours by yearly increments to prevent disruptive changes in hours and customer patterns, (tr. at 293); (8) prominently notifying the public of changes in office hours, (tr. at 315-16); and (9) promoting the availability of alternative retail access options, (tr. at 322). Day also specifically affirmed that POStPlan would have no impact on service standards. (Tr. at 297.) Day testified that the Postal Service has not budgeted specifically for many of these costs as either one-time or recurring expenses, but did not express any hesitation about

their inclusion in the overall plan particularly in light of the non-financial basis behind POStPlan.

Although initially indicating the availability of data, Day explained that the Postal Service did not necessarily have, and certainly did not rely on, national information about the communities in which the POStPlan offices are located in designing POStPlan. Day could not verify, for example, his assertion that many POStPlan offices are in communities where the Post Office is the only business, a reality which would clearly conflict with the Postal Service's ability to implement its commitment to supplement POStPlan offices with VPOs housed in those non-existent businesses. (Tr. at 266.) Similarly, Day clarified that the Postal Service did not assess or rely on data about Internet access and its availability to members of the communities served by the POStPlan offices, or the demographics of the members of those communities. (Tr. at 266.) Day expressed anecdotal evidence about usage patterns by rural community members, but verified that the Postal Service did not and would not analyze any data about these patterns for purposes of either identifying POStPlan offices or implementing POStPlan in any particular offices. (Tr. at 266.)

IV. Recommended Findings and Conclusions

In accordance with 39 U.S.C. § 3661 (b), “[w]hen the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis, it shall submit a proposal, within a reasonable time prior to the effective date of such proposal, to the Postal Regulatory Commission requesting an advisory opinion on the change.” Against this procedural requirement, the Postal Service is statutorily obligated to:

...provide a maximum degree of effective and regular services to rural areas, communities and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

39 U.S.C. § 101(b). In this matter, the Commission's guidepost for its Opinion should be the statutory requirement that the Postal Service maximize its provision of effective and regular services to rural communities and small towns. The Postal Service was unrelenting that cost savings are only a fortunate consequence, but not a goal of POSTPlan. Accordingly, the Commission should hold the Postal Service to its stated purpose and review POSTPlan to ensure that its design and implementation maintains and improves service to the rural communities served by POSTPlan offices rather than merely increasing the Postal Service's operational efficiency or lowering its costs.

A. Except in Emergency Situations or Where Overwhelmingly Demanded by the Community, the Postal Service Should be Prohibited From Discontinuing a POSTPlan Office.

Unless expressly prohibited, POSTPlan is a process that will lead to the discontinuance of Post Offices. As noted repeatedly throughout its articulation of POSTPlan, the Postal Service expressly reserves discontinuance as a possibility for every Post Office falling under POSTPlan. Contrary to the tone of Day's testimony which suggested that POSTPlan is an alternative to discontinuance, in fact, the plan's terms describe discontinuance as an equal option to reducing window hours in any of the thousands of Level 16 and below Post Offices that qualify for POSTPlan with their daily AWEL's below 5.74. The Postal Service has expressly reserved itself the discretion to forego any reduction of window hours in favor of discontinuance regardless of community input. Moreover, as Chairman Goldway noted during Day's

cross-examination, either by design or as a consequence of its implementation, POStPlan may create circumstances in a Post Office such as further decreases in community use or an inability to staff the office that would justify discontinuance even where those circumstances did not previously exist.

To make meaningful POStPlan's suggested purpose as an alternative to discontinuing a Post Office and as a means to improve rural and small town service, the Postal Service should clearly articulate that a POStPlan Post Office will not be discontinued except under extraordinary circumstances. POStPlan itself offers no assurance that the Postal Service will realign the hours of a POStPlan office in accordance with its daily AEWL calculation before or instead of moving the Post Office into the discontinuance process. Although POStPlan includes the opportunity for community input that likely would object to discontinuance, that input is not determinative. It is concerning, therefore, that POStPlan has been presented as an alternative to or preliminary effort before discontinuance when, according to its terms, it discretely retains the Postal Service's unilateral discretion to pursue discontinuance as a primary or equal option for addressing a rural Post Office with low customer volume.

The commitment Day made to the Commission should be an explicit component of POStPlan. Day committed that the Postal Service would pursue discontinuance in only rare situations where the community demands it, noting that "we're going to go with the realignment of window service hours unless the community shows a strong preference for one of the closure options." (Tr. at 159.) The Postal Service should expressly adopt Day's commitment that unless a community

overwhelmingly expresses a preference for discontinuing one of the Level 16 and below offices eligible for POStPlan, the Postal Service will only apply the POStPlan formula for reducing or realigning the office's weekly window service hours. The Commission should clarify that, prospectively, the only exception to this application of POStPlan will be where the Postal Service can demonstrate a legitimate emergency beyond the Postal Service's control and not the product of POStPlan itself, see *infra*.

B. The Postal Service Must Thoroughly Analyze Nationally and on an Office-By-Office Basis the Impact of POStPlan.

The Postal Service seems particularly unprepared to assess POStPlan in any respect, calling into question the quality of the POStPlan design as well as the value to the Postal Service and the communities served by POStPlan offices prospectively. Particularly given the dramatic changes POStPlan makes to community Post Offices, the Postal Service should be establishing pre-POStPlan base lines, and articulating its process for tracking and analyzing the impact and consequences of POStPlan to determine whether POStPlan is a viable initiative to continue. Day testified that the POStPlan roll-out would take two years, during which time the Postal Service should be constantly assessing its effects in the offices where it is in use to determine whether it meets the Postal Service's legal obligations and is operationally practicable. Given the potential legal ramifications and the duration of the POStPlan roll-out, the Postal Service should be advised to regularly report to the Commission on its concurrent assessments and any substantive changes made to POStPlan as a result. These requirements are fully consistent with the Commission's Opinion in Docket No. N2011-1 (RAOI) in which the Commission found that the Postal Service should make

sound and accurate estimates on the financial effects both nationally and by facility for retail network initiatives like POStPlan.

This analysis is critical to ensuring that POStPlan does not result in conditions that require discontinuance of Post Offices. Because the Postal Service admits that it has not studied or anticipated the impact of POStPlan on a number of key areas such as staffing and actual labor costs, revenue, workload, customer use, or operational expenses, the APWU believes it is all the more likely that POStPlan will appear to identify conditions justifying more drastic steps such as discontinuance when the reality may well be that POStPlan itself gave rise to these conditions. Obviously, discontinuing rural Post Offices should not be either a conscious or unintended consequence of a retail initiative like POStPlan, but a lack of particularized local and national review and analysis of POStPlan's effects will obscure whether that is, in fact, the case. Rather than shifting the burden of discontinuance to the public and the Commission to demonstrate and determine that it is the failed efforts of POStPlan that resulted in discontinuance, and in order to evolve POStPlan as a worthwhile initiative, the Postal Service should competently analyze in detail its retail operations in the realigned Level 16 and below offices.

C. The Postal Service Should Immediately Implement Options for Preserving Retail Services Previously Provided by a POStPlan Post Office.

As emphasized in the Commission's recent Advisory Opinions, the actual institution of appropriate alternative methods of retail access before realigning a Post Office's window service hours is and should be an express condition on the Postal Service's implementation of POStPlan. As the Commission recently held, "[f]or the RAOI or any Postal Service initiative to reduce its retail footprint to conform with the

policies of title 39, the Postal Service must ensure that ready access to essential postal services will continue to be provided to customers. Under the policies of title 39, the potential loss of a particular postal retail facility implies that such ready access must be provided through an alternative channel – whether that is through a nearby ‘full service’ postal-operated retail facility or through alternative retail access channels.” (Docket No. 2011-1 (RAOI) Opinion at 112.) As the Commission clarified in that matter, and as was repeated by Commissioner Acton during Day’s testimony, (tr. at 319), “[i]t is not enough for alternative access channels to have the potential to become available in the future. The effectiveness of particular alternative access channels and alternative retail facilities must be considered prior to, and simultaneously with, discontinuance studies.” (Docket No. 2011-1 (RAOI) Opinion at 111.) These principals are equally applicable to POStPlan and require that, before POStPlan is implemented, the Postal Service have the various alternative access options Day described and detailed below in place before any change to a POStPlan office’s hours take effect.

Given the Commission’s recent detailed study of the alternatives in the rural communities served by the POStPlan offices, certain alternatives in combination with one another are necessary to mitigate POStPlan’s limits on brick and mortar services and to ensure the uninterrupted provision of efficient and regular service required by law. The Postal Service’s witness committed to a number of these specific alternatives that he identified as critical to maintaining the same retail services in rural communities despite the drastic reduction in weekday window service hours POStPlan allows. The Commission has observed, however, that “in many instances alternative

access channels cannot replace actual postal facilities. Certain services, such as money orders and parcel pickup or mailing, may not be feasible except at a staffed retail facility.” (Docket No. 2011-1 (RAOI) Opinion at 104, 111.) It is already incumbent on the Postal Service, therefore, to “develop alternatives that are better tailored for customers in rural or remote areas...” like those served by the POStPlan offices. (Docket No. 2011-1 (RAOI) Opinion at 105.) Because these alternatives are not described as part of POStPlan, however, the Commission should formalize them in its findings and recommendations. They include:

- Improved terms and conditions of employment to maximize staffing.

The Postal Service was adamant that labor costs were neither a goal nor an impediment to POStPlan. This permits the Postal Service, by its own calculations, a cost window equating to its calculation of at least \$500 million a year as money available to adequately staff POStPlan offices. Within this corridor, the Postal Service can easily mitigate any staffing difficulties created by low wages, a lack of benefits, and minimal hours. To be clear, the APWU believes that POStPlan offices should be staffed with career clerks and non-career bargaining unit employees as specifically negotiated by the APWU and the Postal Service in accordance with their collective bargaining agreement. Plainly, the Postal Service has significant financial flexibility to prevent any staffing shortages of even the two-hour POStPlan offices and comply with its commitments to the APWU.

- Two years per POStPlan Realignment. Day testified that upon reducing the hours of a Post Office to two, four, or six hours, the Postal Service would move cautiously and only after at least a year’s time before it would consider any

further reduction of hours for the Post Office. He described establishing a “zone of tolerance” as a time period during which the hour-level of the office will not change even if AEWL continues to drop. (Tr. at 90.) Consistent with this commitment and as a mitigating factor to the changes caused by POStPlan, the Postal Service should require any further reduction of window hours to occur gradually over at least two-year increments.

- Integrate a Way for a POStPlan Office to Increase Its Hours. The current design of POStPlan only allows for an office to decrease its hours of operation over time. Because hours of operation are capped, it is impossible for the community to make more use of the office than the hours it is open, even if the actual demand for additional time for services is present. The Postal Service should devise a method to determine whether a Post Office’s hours should be increased to match a demand that is greater than can be demonstrated because of the cap on operations imposed through POStPlan.

- Renovating P.O. Boxes for 24/7 Access. Day also committed to renovating the 60% of Post Offices that do not currently offer 24/7 access to Post Office boxes, and that commitment should be integrated into POStPlan’s implementation plan.

- Maintaining P.O. Box Service Irrespective of Window Service. The Postal Service should maintain existing box service. Day made clear that the Postal Service will only schedule work at a POStPlan office, including non-retail duties such as boxing the mail, during the window service hours it sets for the office and will not increase staffing to account for multiple responsibilities being collapsed into a shorter

window of work time. This could mean that in an office reduced to two hours in the afternoon, the availability of customers' post office box mail would change from morning to afternoon and possibly be delayed further by other tasks the postal employee must perform at the same time. This problem is easily solved by more flexible and expansive staffing that is responsive to the demand for services and not merely the Postal Service's operational needs.

- Alternative brick and mortar channels. The Commission has noted that the Postal Service relies "too much" on Internet retail channels as a viable alternative to traditional brick and mortar services in rural communities. (Docket No. 2011-1 (RAOI) Opinion at 112.) The limits of Internet access and the limits of services available on the Internet make it all the more incumbent on the Postal Service to have available staffed retail options that can both supplement and replace the window service of the realigned POStPlan offices. (See Docket No. 2011-1 (RAOI) Opinion at 112-113.) Given their limited availability and the Postal Service's expectation, expressed by Day, that many small town communities do not have a business community to house them, it is evident that the alternative of VPOs are presently of minimal value as an actual alternative channel. If, however, the Postal Service implements POStPlan in an office that is supported by established VPOs or other staffed retail channels, it will need to combine it with other methods of package delivery and other critical services in order to maximize the provision of all of the Postal Service's retail services. In every situation, moreover, the Postal Service must be mindful of the Commission's admonition that alternative access channels be available at the time of implementation and not sometime in the future.

- Adjusting Hours of Operation. The Postal Service should automatically reconsider the hours of operation of a POStPlan office that demonstrate a declining daily AEWL over time and adjust hours to match community need before taking other steps such as reducing the window service hours further. It is possible, for example, that demand remains steady, but that it exists at different times of day than the Postal Service decides initially to make window service available. This will require, of course, that the Postal Service both expand and refine its community communications in order to allow it to collect additional data on optimal window service hours after the initial implementation of POStPlan in an office. It may also require the Postal Service to disaggregate window service work from other work, such as boxing the mail, to maintain services on a schedule that matches a community's needs, *see supra*.

- Improved Communications with the Community. Given the import of getting full and competent information from the community, the Postal Service should use a broad definition of community and carefully design its communications with the public in order to get the most competent data on customer needs and uses.

- Establish a POStPlan Operations Budget. The Postal Service should establish and maintain an operating budget for implementation of POStPlan and submit it regularly for the Commission's review. The Postal Service may be facing liability for commitments it has made to the APWU, for example, that conflict with the current POStPlan plan, but these costs should also be budgeted. Particularly to ensure implementation of alternative access channels and for assessing the viability of POStPlan, the Postal Service should budget specifically for POStPlan.

D. The Postal Service Should Plan for POStPlan Outcomes Other Than Discontinuance.

It is timely now while this matter is before the Commission for the Postal Service to outline action steps for the possible outcomes of POStPlan to Post Office operations. POStPlan is, at best, a means to an end, but not an end in and of itself. What is critical at this juncture is to establish action steps if POStPlan results in negative outcomes such as degrading service or being too costly to maintain. If the outcomes are positive, obviously the Postal Service can analyze how to maximize those outcomes. But if the outcomes of POStPlan are negative, namely that the Postal Service's measure of demand – AEWL – continues to decline in offices, before the Postal Service further downgrades an office and reduces its hours, the Postal Service should commit to either remove the POStPlan limitations from the office entirely or adjust the hours of window service to be provided in increased amounts or at different times or both to determine whether these changes positively impact AEWL.

V. Conclusion

For the foregoing reasons and those supported by the record, the Commission should make these findings and recommendations.

Respectfully submitted,

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